

Agency 104

**Joint Regulations—Consumer Credit
Commissioner, Credit Union Administrator,
Savings and Loan Commissioner and
Bank Commissioner**

Articles

104-1. ADJUSTABLE RATE NOTES.

Article 1.—ADJUSTABLE RATE NOTES

104-1-1. (Authorized by and implementing L. 1982, ch. 94; effective, T-83-29, Sept. 22, 1982; effective May 1, 1983; revoked, T-88-28, Aug. 19, 1987; revoked May 1, 1988.)

104-1-2. Consumer-purpose adjustable rate real estate transactions. (a) A creditor may use any interest-rate index that is readily verifiable by the borrower if it is beyond the control of the creditor to adjust the interest rate on any of the following:

(1) consumer-purpose adjustable rate notes secured by a real estate mortgage; or

(2) consumer-purpose contracts for deed to real estate which contain an adjustable interest rate provision.

(b) Adjustments to the interest rate shall correspond directly to the movement of the index, subject to any rate-adjustment limitations that a creditor may provide.

(c) When the movement of the index permits an interest-rate increase, the creditor may decline to increase the interest rate by the indicated amount. The creditor may decrease the interest rate at any time.

(d) The creditor may implement adjustments to the interest rate through adjustments to the outstanding principal loan balance, loan term, payment amount, or any combination of the above.

(e) The creditor shall not charge the borrower any costs or fees in connection with regularly-scheduled adjustments to the interest rate, payment, outstanding principal loan balance, or loan term.

(f) For purposes of this regulation, “consumer-purpose” means primarily for personal, family or household purposes. (Authorized by and implementing K.S.A. 16-207d; effective, T-88-28, Aug. 19, 1987; effective May 1, 1988; amended Aug. 9, 1996.)